



# House of Representatives

General Assembly

**File No. 439**

February Session, 2014

Substitute House Bill No. 5163

*House of Representatives, April 8, 2014*

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT AUTHORIZING BONDS OF THE STATE FOR ECONOMIC DEVELOPMENT PROJECTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (*Effective July 1, 2014*) (a) For the purposes described in  
2       subsection (b) of this section, the State Bond Commission shall have  
3       the power from time to time to authorize the issuance of bonds of the  
4       state in one or more series and in principal amounts not exceeding in  
5       the aggregate four million dollars.

6       (b) The proceeds of the sale of said bonds, to the extent of the  
7       amount stated in subsection (a) of this section, shall be used by the  
8       Department of Economic and Community Development for the  
9       purpose of providing a grant-in-aid to the Klein Memorial Auditorium  
10      for the expansion of the box office and an addition to the facility to be  
11      used for a free after-school program in media and the performing arts.

12      (c) All provisions of section 3-20 of the general statutes, or the  
13      exercise of any right or power granted thereby, which are not

14 inconsistent with the provisions of this section are hereby adopted and  
15 shall apply to all bonds authorized by the State Bond Commission  
16 pursuant to this section, and temporary notes in anticipation of the  
17 money to be derived from the sale of any such bonds so authorized  
18 may be issued in accordance with said section 3-20 and from time to  
19 time renewed. Such bonds shall mature at such time or times not  
20 exceeding twenty years from their respective dates as may be provided  
21 in or pursuant to the resolution or resolutions of the State Bond  
22 Commission authorizing such bonds. None of said bonds shall be  
23 authorized except upon a finding by the State Bond Commission that  
24 there has been filed with it a request for such authorization which is  
25 signed by or on behalf of the Secretary of the Office of Policy and  
26 Management and states such terms and conditions as said commission,  
27 in its discretion, may require. Said bonds issued pursuant to this  
28 section shall be general obligations of the state and the full faith and  
29 credit of the state of Connecticut are pledged for the payment of the  
30 principal of and interest on said bonds as the same become due, and  
31 accordingly and as part of the contract of the state with the holders of  
32 said bonds, appropriation of all amounts necessary for punctual  
33 payment of such principal and interest is hereby made, and the State  
34 Treasurer shall pay such principal and interest as the same become  
35 due.

36     Sec. 2. (*Effective July 1, 2014*) (a) For the purposes described in  
37 subsection (b) of this section, the State Bond Commission shall have  
38 the power from time to time to authorize the issuance of bonds of the  
39 state in one or more series and in principal amounts not exceeding in  
40 the aggregate one million five hundred thousand dollars.

41     (b) The proceeds of the sale of said bonds, to the extent of the  
42 amount stated in subsection (a) of this section, shall be used by the  
43 Department of Economic and Community Development for the  
44 purpose of providing a grant-in-aid to the city of Waterbury, to be  
45 used by the Waterbury Development Corporation to implement a  
46 feasibility and environmental study and design of a prospective  
47 mixed-use multicultural center with park grounds that will be utilized

48 by nonprofit organizations providing social services, youth programs,  
49 educational training, professional development and recreational  
50 programs.

51 (c) All provisions of section 3-20 of the general statutes, or the  
52 exercise of any right or power granted thereby, which are not  
53 inconsistent with the provisions of this section are hereby adopted and  
54 shall apply to all bonds authorized by the State Bond Commission  
55 pursuant to this section, and temporary notes in anticipation of the  
56 money to be derived from the sale of any such bonds so authorized  
57 may be issued in accordance with said section 3-20 and from time to  
58 time renewed. Such bonds shall mature at such time or times not  
59 exceeding twenty years from their respective dates as may be provided  
60 in or pursuant to the resolution or resolutions of the State Bond  
61 Commission authorizing such bonds. None of said bonds shall be  
62 authorized except upon a finding by the State Bond Commission that  
63 there has been filed with it a request for such authorization which is  
64 signed by or on behalf of the Secretary of the Office of Policy and  
65 Management and states such terms and conditions as said commission,  
66 in its discretion, may require. Said bonds issued pursuant to this  
67 section shall be general obligations of the state and the full faith and  
68 credit of the state of Connecticut are pledged for the payment of the  
69 principal of and interest on said bonds as the same become due, and  
70 accordingly and as part of the contract of the state with the holders of  
71 said bonds, appropriation of all amounts necessary for punctual  
72 payment of such principal and interest is hereby made, and the State  
73 Treasurer shall pay such principal and interest as the same become  
74 due.

75 Sec. 3. (*Effective July 1, 2014*) (a) For the purposes described in  
76 subsection (b) of this section, the State Bond Commission shall have  
77 the power from time to time to authorize the issuance of bonds of the  
78 state in one or more series and in principal amounts not exceeding in  
79 the aggregate five hundred thousand dollars.

80 (b) The proceeds of the sale of said bonds, to the extent of the

81 amount stated in subsection (a) of this section, shall be used by the  
82 Department of Economic and Community Development for the  
83 purpose of providing a grant-in-aid to the Willow Plaza Community  
84 Center in the city of Waterbury to complete the expansion of the  
85 center.

86 (c) All provisions of section 3-20 of the general statutes, or the  
87 exercise of any right or power granted thereby, which are not  
88 inconsistent with the provisions of this section are hereby adopted and  
89 shall apply to all bonds authorized by the State Bond Commission  
90 pursuant to this section, and temporary notes in anticipation of the  
91 money to be derived from the sale of any such bonds so authorized  
92 may be issued in accordance with said section 3-20 and from time to  
93 time renewed. Such bonds shall mature at such time or times not  
94 exceeding twenty years from their respective dates as may be provided  
95 in or pursuant to the resolution or resolutions of the State Bond  
96 Commission authorizing such bonds. None of said bonds shall be  
97 authorized except upon a finding by the State Bond Commission that  
98 there has been filed with it a request for such authorization which is  
99 signed by or on behalf of the Secretary of the Office of Policy and  
100 Management and states such terms and conditions as said commission,  
101 in its discretion, may require. Said bonds issued pursuant to this  
102 section shall be general obligations of the state and the full faith and  
103 credit of the state of Connecticut are pledged for the payment of the  
104 principal of and interest on said bonds as the same become due, and  
105 accordingly and as part of the contract of the state with the holders of  
106 said bonds, appropriation of all amounts necessary for punctual  
107 payment of such principal and interest is hereby made, and the State  
108 Treasurer shall pay such principal and interest as the same become  
109 due.

110 Sec. 4. (*Effective July 1, 2014*) (a) For the purposes described in  
111 subsection (b) of this section, the State Bond Commission shall have  
112 the power from time to time to authorize the issuance of bonds of the  
113 state in one or more series and in principal amounts not exceeding in  
114 the aggregate one million dollars.

115 (b) The proceeds of the sale of said bonds, to the extent of the  
116 amount stated in subsection (a) of this section, shall be used by the  
117 Department of Economic and Community Development for the  
118 purpose of providing a grant-in-aid to the Railroad Museum of New  
119 England in the town of Thomaston, for construction and renovation of  
120 the facility.

121 (c) All provisions of section 3-20 of the general statutes, or the  
122 exercise of any right or power granted thereby, which are not  
123 inconsistent with the provisions of this section are hereby adopted and  
124 shall apply to all bonds authorized by the State Bond Commission  
125 pursuant to this section, and temporary notes in anticipation of the  
126 money to be derived from the sale of any such bonds so authorized  
127 may be issued in accordance with said section 3-20 and from time to  
128 time renewed. Such bonds shall mature at such time or times not  
129 exceeding twenty years from their respective dates as may be provided  
130 in or pursuant to the resolution or resolutions of the State Bond  
131 Commission authorizing such bonds. None of said bonds shall be  
132 authorized except upon a finding by the State Bond Commission that  
133 there has been filed with it a request for such authorization which is  
134 signed by or on behalf of the Secretary of the Office of Policy and  
135 Management and states such terms and conditions as said commission,  
136 in its discretion, may require. Said bonds issued pursuant to this  
137 section shall be general obligations of the state and the full faith and  
138 credit of the state of Connecticut are pledged for the payment of the  
139 principal of and interest on said bonds as the same become due, and  
140 accordingly and as part of the contract of the state with the holders of  
141 said bonds, appropriation of all amounts necessary for punctual  
142 payment of such principal and interest is hereby made, and the State  
143 Treasurer shall pay such principal and interest as the same become  
144 due.

145 Sec. 5. (*Effective July 1, 2014*) (a) For the purposes described in  
146 subsection (b) of this section, the State Bond Commission shall have  
147 the power from time to time to authorize the issuance of bonds of the  
148 state in one or more series and in principal amounts not exceeding in

149 the aggregate five hundred thousand dollars.

150 (b) The proceeds of the sale of said bonds, to the extent of the  
151 amount stated in subsection (a) of this section, shall be used by the  
152 Department of Economic and Community Development for the  
153 purpose of providing a grant-in-aid to the Eastern Connecticut  
154 Performing Arts Association to renovate and remodel an existing  
155 theater to create a new performing arts center.

156 (c) All provisions of section 3-20 of the general statutes, or the  
157 exercise of any right or power granted thereby, which are not  
158 inconsistent with the provisions of this section are hereby adopted and  
159 shall apply to all bonds authorized by the State Bond Commission  
160 pursuant to this section, and temporary notes in anticipation of the  
161 money to be derived from the sale of any such bonds so authorized  
162 may be issued in accordance with said section 3-20 and from time to  
163 time renewed. Such bonds shall mature at such time or times not  
164 exceeding twenty years from their respective dates as may be provided  
165 in or pursuant to the resolution or resolutions of the State Bond  
166 Commission authorizing such bonds. None of said bonds shall be  
167 authorized except upon a finding by the State Bond Commission that  
168 there has been filed with it a request for such authorization which is  
169 signed by or on behalf of the Secretary of the Office of Policy and  
170 Management and states such terms and conditions as said commission,  
171 in its discretion, may require. Said bonds issued pursuant to this  
172 section shall be general obligations of the state and the full faith and  
173 credit of the state of Connecticut are pledged for the payment of the  
174 principal of and interest on said bonds as the same become due, and  
175 accordingly and as part of the contract of the state with the holders of  
176 said bonds, appropriation of all amounts necessary for punctual  
177 payment of such principal and interest is hereby made, and the State  
178 Treasurer shall pay such principal and interest as the same become  
179 due.

180 Sec. 6. Section 13b-236 of the general statutes is repealed and the  
181 following is substituted in lieu thereof (*Effective July 1, 2014*):

182 (a) For the purposes described in subsection (b) of this section, the  
183 State Bond Commission shall have the power, from time to time, to  
184 authorize the issuance of bonds of the state in one or more series and  
185 in principal amounts not exceeding in the aggregate [seven million five  
186 hundred thousand] ten million dollars.

187 (b) The proceeds of the sale of said bonds, to the extent of the  
188 amount stated in subsection (a) of this section, shall be used by the  
189 Department of Transportation for a program of competitive grants for  
190 commercial rail freight lines operating in the state for improvements  
191 and repairs to, and the modernization of, existing rail, rail beds and  
192 related facilities. Such program shall include the following: (1) (A)  
193 Grants of one hundred per cent of the amount necessary to improve,  
194 repair or modernize state-owned rights of way, and (B) grants of  
195 seventy per cent of the amount necessary to improve, repair or  
196 modernize privately owned rail lines, provided the commissioner may  
197 waive the requirement for a thirty per cent matching grant if such  
198 improvement, repair or modernization demonstrably increases rail  
199 freight traffic; and (2) preference for grants shall be given to (A)  
200 proposals that are on the Department of Transportation's list of freight  
201 rail projects eligible to receive funds pursuant to P.L. 111-5, the  
202 American Recovery and Reinvestment Act, (B) freight rail projects that  
203 improve at-grade rail crossings to eliminate hazards or increase safety,  
204 [and] (C) freight rail projects that provide connection to major freight  
205 generators, (D) projects that further the goals and objectives of the  
206 Department of Transportation's Connecticut State Rail Plan, and (E)  
207 freight rail projects that improve freight rail infrastructure by  
208 increasing the capacity for rail freight traffic.

209 (c) All provisions of section 3-20, or the exercise of any right or  
210 power granted thereby, which are not inconsistent with the provisions  
211 of this section are hereby adopted and shall apply to all bonds  
212 authorized by the State Bond Commission pursuant to this section, and  
213 temporary notes in anticipation of the money to be derived from the  
214 sale of any such bonds so authorized may be issued in accordance with  
215 said section 3-20 and from time to time renewed. Such bonds shall

216 mature at such time or times not exceeding twenty years from their  
 217 respective dates as may be provided in or pursuant to the resolution or  
 218 resolutions of the State Bond Commission authorizing such bonds.  
 219 None of said bonds shall be authorized except upon a finding by the  
 220 State Bond Commission that there has been filed with it a request for  
 221 such authorization which is signed by or on behalf of the Secretary of  
 222 the Office of Policy and Management and states such terms and  
 223 conditions as said commission, in its discretion, may require. Said  
 224 bonds issued pursuant to this section shall be general obligations of the  
 225 state and the full faith and credit of the state of Connecticut are  
 226 pledged for the payment of the principal of and interest on said bonds  
 227 as the same become due, and accordingly and as part of the contract of  
 228 the state with the holders of said bonds, appropriation of all amounts  
 229 necessary for punctual payment of such principal and interest is  
 230 hereby made, and the State Treasurer shall pay such principal and  
 231 interest as the same become due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014</i>	New section
Sec. 2	<i>July 1, 2014</i>	New section
Sec. 3	<i>July 1, 2014</i>	New section
Sec. 4	<i>July 1, 2014</i>	New section
Sec. 5	<i>July 1, 2014</i>	New section
Sec. 6	<i>July 1, 2014</i>	13b-236

**CE**      *Joint Favorable Subst.*



The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Treasurer, Debt Serv.	GF - Cost	None	1,000,000

**Municipal Impact:** None

#### **Explanation**

The bill authorizes a total of \$10.0 million in General Obligation (GO) bonds for six grants-in-aid. The table below summarizes the state agency receiving the authorization, the recipient, the amount and the debt service cost for each grant-in-aid. Assuming that \$10 million is allocated through the State Bond Commission during FY 15 and the Office of the State Treasurer issues the bonds before the end of FY 15, the debt service cost in FY 16 will be \$1.0 million.

#### **New GO Bond Authorizations and Estimated Debt Service Cost \$ millions**

Bill Sec.	Agency	Recipient	Authorization Amount	Total Debt Service Cost*	Interest	Principal
1	DECD	Klein Memorial Auditorium (Bridgeport)	4.0	6.1	2.1	4.0
2	DECD	Waterbury Development Corporation	1.5	2.3	0.8	1.5
3	DECD	Willow Plaza Community Center (Waterbury)	0.5	0.8	0.3	0.5

Bill Sec.	Agency	Recipient	Authorization Amount	Total Debt Service Cost*	Interest	Principal
4	DECD	Railroad Museum of New England (Thomaston)	1.0	1.5	0.5	1.0
5	DECD	Eastern Connecticut Performing Arts Association (Willimantic)	0.5	0.8	0.3	0.5
6	DOT	Commercial rail freight lines	2.5	3.8	1.3	2.5
<b>TOTAL</b>			<b>10.0</b>	<b>15.3</b>	<b>5.3</b>	<b>10.0</b>
*Figures assume that bonds are issued at 5.0% over 20 year term						

### ***The Out Years***

The General Fund debt service impact identified above would continue over the 20 year term of issuance for the bonds.

**OLR Bill Analysis****sHB 5163*****AN ACT AUTHORIZING BONDS OF THE STATE FOR ECONOMIC DEVELOPMENT PROJECTS.*****SUMMARY:**

This bill authorizes up to \$7.5 million in state general obligation (GO) bonds for Department of Economic and Community Development (DECD) grants. It also:

1. increases, by \$2.5 million, the GO bond authorization for the Department of Transportation's (DOT) commercial rail freight line competitive grant program and
2. expands the range of eligible projects receiving preference for the grants.

EFFECTIVE DATE: July 1, 2014

**NEW BONDS FOR DECD GRANTS**

The bill authorizes up to \$7.5 million in GO bonds for the following DECD-administered grants:

1. \$4 million to Klein Memorial Auditorium to expand its box office and add an after-school facility;
2. \$1.5 million to the city of Waterbury for the Waterbury Development Corporation to (a) implement a feasibility and environmental study and (b) design a mixed-use multicultural center with park grounds that will be used by nonprofit organizations for various programs;
3. \$500,000 to the Willow Plaza Community Center in Waterbury to complete its expansion;

4. \$1 million to the Railroad Museum of New England in Thomaston to construct and renovate its facility; and
5. \$500,000 to the Eastern Connecticut Performing Arts Association to (a) renovate and remodel its theater and (b) create a new performing arts center.

### **COMMERCIAL RAIL FREIGHT LINE COMPETITIVE GRANTS**

The bill increases, from \$7.5 million to \$10 million, the existing bond authorization for DOT's commercial rail freight line competitive grant program (see BACKGROUND). It also expands the range of eligible projects for which the DOT commissioner must give preference to include those (a) furthering DOT's Connecticut State Rail Plan goals and objectives and (b) increasing the capacity of the state's freight rail infrastructure.

### **BACKGROUND**

#### ***Commercial Rail Freight Line Competitive Grant Program***

This DOT program awards competitive grants for improvements and repairs to, and modernization of, existing rail, rail beds, and related facilities. Specifically, it requires grants of:

1. 100% of costs to improve, repair, or modernize state-owned rights of way; and
2. 70% of costs to improve, repair, or modernize privately owned rail lines.

The DOT commissioner may waive the 30% matching grant requirement for upgrading privately owned rail lines if the work is shown to increase rail freight traffic.

The program gives preference to grants for:

1. proposals on DOT's list of freight rail projects eligible for federal funds under the 2009 American Recovery and Reinvestment Act, and

2. projects that (a) improve at-grade rail crossings to eliminate hazards or increase safety or (b) connect major freight generators.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/25/2014)